

OFFICE OF LEGISLATIVE RESEARCH  
PUBLIC ACT SUMMARY



**PA 21-39—sSB 986**

*Judiciary Committee*

**AN ACT CONCERNING REVISIONS TO THE CONNECTICUT  
UNIFORM TRUST CODE, RULE AGAINST PERPETUITIES,  
CONNECTICUT UNIFORM POWER OF ATTORNEY ACT,  
CONNECTICUT BUSINESS CORPORATION ACT AND CONNECTICUT  
REVISED NONSTOCK CORPORATION ACT**

**SUMMARY:** This act allows a business or nonstock corporation's board of directors to determine that a shareholder or member meeting, as applicable, may be held entirely remotely unless the bylaws require that the meeting be held at a physical location. The act makes related changes regarding, among other things, meetings ordered by a court and electronic access to the required list of shareholders or members for meetings. Among other things, it also changes certain procedures for nonstock corporation actions that are voted on by mail.

Separately, the act makes various changes in the state's Uniform Trust Code, such as (1) defining "terms of a trust" under the code and other trust laws and (2) requiring designated representatives to act in good faith on the beneficiary's behalf.

Among other things, the act does the following:

1. specifies that if someone is signing a power of attorney on behalf of a principal, both must be physically present at the signing;
2. allows land conveyances by natural persons to be signed by an agent authorized by a power of attorney; and
3. makes a minor change to a definition in the Connecticut Qualified Dispositions in Trust Act (QDTA) (§ 6).

The act also makes a technical correction to a 2019 change (PA 19-137) to the rule against perpetuities (§ 7). That provision generally extended, from 90 to 800 years, the period within which certain interests must vest to be valid.

Lastly, the act makes other minor, technical, and conforming changes.

**EFFECTIVE DATE:** (1) Upon passage for the corporation and rule against perpetuities provisions, with the latter applicable to any trusts created on or after January 1, 2020; (2) October 1, 2021, for the power of attorney and land conveyance provisions; and (3) January 1, 2022, for the trust code and QDTA provisions.

**§§ 10-24 — CORPORATIONS**

*Authorization for Remote Meetings (§§ 10-11, 13-14, 17-18, 21 & 22)*

Prior law allowed business corporation boards to authorize any class or series of shareholders to participate in a meeting remotely, but the meeting itself had to

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occur at a physical location. It did not allow nonstock corporation members to participate in a meeting remotely.

The act allows a business or nonstock corporation's board of directors to determine that any annual or special meeting of shareholders or members be held entirely remotely, subject to the conditions below, unless the bylaws require that the meeting be held at a physical location. As under existing law for business corporations, the act also allows nonstock corporation members to participate at an in-person meeting remotely if authorized by the board of directors. The act makes several related conforming changes.

Existing law sets certain parameters for shareholders participating remotely. The act extends these provisions to (1) nonstock corporation members and (2) meetings held entirely remotely for both business and nonstock corporations. Under these provisions, remote participants are deemed present and may vote at the meeting if the corporation implements reasonable measures to do the following:

1. verify that each participant is a shareholder (or member as applicable) and
2. provide a reasonable opportunity for them to participate in the meeting and vote on submitted matters, including an opportunity to communicate and read or hear the proceedings substantially concurrent with the proceedings.

### *Court-Ordered Meetings (§§ 12 & 19)*

Existing law allows courts, in certain circumstances, to order that a corporation meeting be held (e.g., upon a shareholder's or member's application because the required annual meeting was not held within a specified timeframe).

The act allows courts to order remote-only meetings unless the bylaws require meeting at a physical location. These meetings must follow the parameters described above and any other court-imposed guidelines and procedures.

### *Notice Requirements (§§ 15 & 23)*

By law, after setting a meeting date, a corporation must prepare an alphabetical list of all shareholders or members, as applicable, entitled to notice of the meeting. It must make the list available two business days after giving notice of the meeting for inspection by (1) any shareholder or (2) any member entitled to vote. (Business corporations that prepare a separate list of shareholders entitled to vote must make that list similarly available promptly after fixing the record date for voting.)

The act generally gives corporations the option of making these lists available on a reasonably accessible electronic network, rather than just at their principal office or another location in the same city as the meeting as under prior law. For remote-only meetings, the act requires that the voting list be made available for inspection on the electronic network during the meeting.

In either case, a corporation providing a list electronically must provide, in the meeting notice, information on how to access it. Additionally, a corporation may

take reasonable steps to ensure that an electronic list is available only to its shareholders or members.

*Bylaw Amendments (§§ 16 & 24)*

The act specifies how corporations may amend or repeal bylaws that prohibit remote-only meetings. For business corporations, these actions may be taken as follows:

1. only by the shareholders, if shareholders originally adopted the provision, or
2. by either the shareholders or the board, if the incorporator, incorporators, or board originally adopted it.

The act applies analogous requirements to nonstock corporations (i.e., the actions may be taken by only the members or by the members or board, as applicable).

Existing law provides that if the board originally adopted the bylaws, then either the board or shareholders (members in a nonstock corporation) may amend or repeal provisions that set greater board quorum or voting requirements than provided by law. The act extends these provisions to such bylaws originally adopted by the incorporator or incorporators. As under existing law, board action to adopt or amend these provisions must meet the quorum requirement and be adopted by the vote required under the unamended bylaws or under the proposed amendment, whichever is greater.

*Nonstock Corporation Votes by Mail (§ 20)*

By law, any nonstock corporate action that must be voted on by the members, including a director's election, may be approved through an election held by mail. The act changes certain procedures regarding these elections and makes related minor and technical changes.

The act requires the corporation to deliver a notice with a written ballot to all members entitled to vote on the matter, setting forth the proposed actions and allowing members to vote on each proposal or director candidate, as applicable. Solicitations for votes by ballot must (1) indicate the quorum requirements, (2) state the percentage of approvals needed to approve each matter other than director elections, and (3) specify the ballot receipt deadline.

Under the act, for matters other than director elections, votes conducted this way are valid only if the number of votes cast and approvals at least equals the number required for a comparable meeting. The act eliminates a prior provision which provided that, unless the certificate of incorporation provided otherwise, mail-in votes conducted this way (for director elections or other matters) had to be determined based on the total number of votes, rather than the total number entitled to vote. The act prohibits these ballots from being revoked unless the certificate of incorporation or bylaws allow revocation.

Prior law provided that, if not otherwise set by law, the record date for determining which members were entitled to vote in a mail election was the date the first member signed the ballot. The act instead sets it as the date the

corporation delivers the required notice.

## §§ 1-5 — TRUST CODE

### *Definitions (§ 1)*

PA 19-137 adopted the Connecticut Uniform Trust Code, establishing numerous rules on creating, modifying, terminating, and enforcing trusts. Under existing law, the trust code's definitions apply to the code itself and to the Connecticut Uniform Directed Trust Act. This act additionally applies the definitions to various other trust-related statutes (i.e., the entirety of Chapter 802c).

Several provisions in the trust code refer to the "terms of a trust." For example, the trust code generally allows the terms of a trust to override its provisions, with 14 enumerated exceptions (CGS § 45a-499e). The act defines the "terms of a trust," except as provided below, as the manifestation of the settlor's intent regarding a trust's provisions as (1) expressed in the trust instrument or (2) established by other evidence that would be admissible in a judicial proceeding.

Alternatively, the terms of a trust are its provisions as established, determined, or amended by:

1. a trustee or other person authorized under the trust instrument, a statute, or a court order;
2. a court order; or
3. a nonjudicial settlement agreement, or court approval of the combination of a testamentary trust with another trust or division of a testamentary trust into separate trusts, pursuant to applicable provisions of the trust code.

### *Designated Representatives (§§ 2 & 3)*

Under the trust code, a trust instrument generally may (1) designate someone other than the settlor to represent and bind a beneficiary or (2) authorize someone, other than a trustee or the settlor, to designate someone to represent and bind a beneficiary. The representative may receive notices or other reports on the beneficiary's behalf. (These provisions do not apply if the beneficiary is a charity.)

The act requires the designated representative to act in good faith on the beneficiary's behalf. Additionally, in situations where a trustee must send a notice to the trust's qualified beneficiaries, the act eliminates the requirement for the trustee to also send it to any designated representatives. Instead, it authorizes the trustee to send notices to those representatives who are qualified to represent a beneficiary, instead of sending it to the beneficiary.

### *Limitation on Beneficiary's Creditor (§ 5)*

The act prohibits a beneficiary's creditor, other than a settlor's creditor if the settlor is also a beneficiary, from attaching or compelling a distribution of

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property that is subject to a power of withdrawal that has lapsed, been waived, or released over all or part of the trust property. (A power of withdrawal is a presently exercisable power of appointment that meets certain requirements.)

Existing law additionally prohibits these creditors from attaching or compelling a distribution that is subject to certain powers in three specific situations.

### § 8 — POWERS OF ATTORNEY

Existing law requires that a power of attorney be signed by (1) the principal or (2) someone else at the principal's direction and in his or her conscious presence. The act specifies that if someone else is signing for the principal, they both must be physically present at the same location when the document is signed.

### § 9 — LAND CONVEYANCES

Under prior law, if the party conveying land (i.e., the grantor) was a natural person, the conveyance could be signed only by the grantor or his or her agent authorized for that purpose by a power executed, acknowledged, and witnessed in the manner required for conveyances.

The act additionally allows the conveyance to be signed by an agent authorized by a validly executed, acknowledged, and witnessed power of attorney.